

## Message Text

SECRET

PAGE 01 STATE 177401  
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY TREAS:OS:CHESSLER  
APPROVED BY TREAS:WMBLUMENTHAL  
TREAS:OS:PSBRIDGES  
S/S-O;AWOTTO  
EUR/SOV:MGARRISON  
S/MS:MARSHALL SHULMAN  
E:EJOHNSTON  
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-----125325 290036Z /72  
R 282153Z JUL 77  
FM SECSTATE WASHDC  
TO AMEMBASSY MOSCOW

S E C R E T STATE 177401

EXDIS

E.O. 11652: GDS

TAGS: PFOR, SU

SUBJECT: DISCUSSION WITH DAVID ROCKEFELLER

1. DAVID ROCKEFELLER, CHAIRMAN OF CHASE MANHATTAN BANK,  
LUNCHEDED WITH SECRETARY BLUMENTHAL JULY 22 AFTER  
ROCKEFELLER'S RETURN FROM DARTMOUTH CONFERENCE IN LATVIA.  
ROCKEFELLER SAID SOVIETS AT CONFERENCE HAD REPEATEDLY  
EXPRESSED DISMAY AND CONFUSION ABOUT PRESIDENT CARTER'S  
EMPHASIS ON HUMAN RIGHTS. ROCKEFELLER HAD ALSO MET FOR  
TWO AND A HALF HOURS IN MOSCOW WITH FOREIGN TRADE MINISTER  
PATOLICHEV, WHO HAD PROFESSED IRRITATION WITH THE  
PRESIDENT'S HUMAN RIGHTS STATEMENTS AND HAD SUGGESTED THAT  
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"THE JEWISH LOBBY" WAS RESPONSIBLE. ROCKEFELLER HAD TOLD  
PATOLICHEV THAT THE PRESIDENT'S EMPHASIS ON HUMAN RIGHTS  
ACCORDED WITH DEEP TRADITIONS IN THE AMERICAN POLITICAL  
SYSTEM, THAT THE CAMPAIGN WAS NOT DIRECTED AT ANY PAR-  
TICULAR COUNTRY, BUT THAT IT WAS POSSIBLE THAT THE  
PRESIDENT'S "METHODS" WOULD CHANGE AS TIME WENT ON.

2. ROCKEFELLER POINTED OUT THAT THE CONFERENCE COMMUNIQUE CRITICIZED USG INACTION ON REPEALING THE JACKSON-VANIK AMENDMENT. ROCKEFELLER SAID THAT THE SOVIETS HAD A JUSTIFIED GRIEVANCE THAT THE USG HAD NOT LIVED UP TO THE 1972 TRADE AGREEMENT. SECRETARY BLUMENTHAL REPLIED THAT

PROGRESS ON TRADE COULD NOT BE ENTIRELY DIVORCED FROM THE OVERALL US-USSR RELATIONSHIP. THE SOVIETS HAD BECOME VERY RESTRICTIVE ON EMIGRATION. THEIR TREATMENT OF SHCHARANSKY WAS ALSO AN IMPEDIMENT TO PROGRESS. THE ADMINISTRATION COULD NOT SEEK A CHANGE IN JACKSON-VANIK WITHOUT SOME CONCILIATORY MOVEMENT BY THE SOVIETS IN THESE AREAS. MORE TRADE WOULD BENEFIT BOTH COUNTRIES, BUT THE USSR SOMEWHAT MORE THAN THE US. ACCORDINGLY, THE SOVIETS SHOULD BE PREPARED TO MAKE SOME CONCESSIONS. SECRETARY BLUMENTHAL ADDED THAT THE ADMINISTRATION WAS NOW IN THE PROCESS OF DEVELOPING A STRATEGY ON JACKSON-VANIK.

3. ROCKEFELLER SAID THAT PATOLICHEV HAD URGED RETENTION OF DONALD KENDALL AS CO-CHAIRMAN OF THE US-USSR TRADE AND ECONOMIC COUNCIL. ROCKEFELLER, CHAIRMAN OF THE COUNCIL'S NOMINATING COMMITTEE, HAD TOLD PATOLICHEV THAT THE COUNCIL WAS LIKELY TO REPLACE KENDALL WITH WILLIAM MILLER. SUSHKOV, WHO HAD BEEN PRESENT, HAD VOLUNTEERED ENTHUSIASM FOR MILLER, BUT PATOLICHEV HAD MADE NO COMMENT. SECRETARY BLUMENTHAL COMMENTED THAT MILLER WOULD BE AN EXCELLENT  
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CHOICE, BUT THE CHOICE WAS OF COURSE FOR THE COUNCIL TO MAKE.

4. ROCKEFELLER ALSO REPORTED THAT CHASE WOULD LIKELY HEAD UP THE NEXT TRANCHE, OF 700 MILLION TO ONE BILLION DOLLARS, OF LOANS TO FINANCE THE ORENBURG GAS PIPELINE PROJECT. CHASE WAS WORKING WITH CEMA'S INTERNATIONAL INVESTMENT BANK ON THE PROJECT, IN WHICH HE SAID THE SOVIETS WERE INVESTING THE EQUIVALENT OF TEN BILLION DOLLARS. ROCKEFELLER SAID THAT THE PROJECT WOULD PROVIDE NEEDED GAS TO EUROPE, WOULD PAY FOR ITSELF, AND WOULD FOSTER BETTER US-USSR ECONOMIC RELATIONS. VANCE

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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